

REMARKS:

Claims 1-32 are currently pending in the application.

Claims 1-10 and 21-32 stand rejected under 35 U.S.C. § 101.

Claims 1-5, 7, 9-15, 17, 19-25, 27, and 29-32 stand rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 7,058,602 to La Mura et al. ("*La Mura*"), in view of U.S. Patent No. 6,871,191 to Kinney Jr. et al. ("*Kinney*"), in view of U.S. Patent No. 6,952,682 to Wellman ("*Wellman*") and in further view of Laurie Sullivan, "Evolving From Storefronts to High-Tech Trading ("*Sullivan*").

Claims 6, 8, 16, 18, 26, and 28 stand rejected under 35 U.S.C. § 103(a) over *La Mura* in view of *Kinney* in view of *Wellman* and *Sullivan* and in further view of U.S. Patent No. 7,039,603 to Walker et al. ("*Walker*").

Applicant respectfully submits that all of Applicant's arguments are without *prejudice* or *disclaimer*. In addition, Applicant has merely discussed example distinctions from the cited prior art. Other distinctions may exist, and as such, Applicant reserves the right to discuss these additional distinctions in a future Response or on Appeal, if appropriate. Applicant further respectfully submits that by not responding to additional statements made by the Examiner, Applicant does not acquiesce to the Examiner's additional statements. The example distinctions discussed by Applicant are considered sufficient to overcome the Examiner's rejections.

REJECTION UNDER 35 U.S.C. § 101:

Claims 1-10 and 21-32 stand rejected under 35 U.S.C. § 101 as allegedly being directed towards non-statutory subject matter. Applicant respectfully disagrees. Specifically, the Examiner asserts:

In regards to the independent claims 1, 21, 31 and 32, the Examiner has interpreted the claims are drawn to the apparatus statutory category because of their use of either "computer", "computer-readable medium" or "system". However, the claims also use "*market participants*", "*buyers*" and "*sellers*" (i.e. human beings). Apparatus claims cannot include a human being. In the instant case, the claims are

rejected under 35 U.S.C. 101 because they include the use of human beings, which is nonstatutory subject matter. See MPEP 2105, the last paragraph.

(20 April 2007 Office Action, Pages 4-5). (Emphasis added). Applicant respectfully submits that the Examiner has mischaracterized MPEP 2105 and Applicant's claimed invention.

Applicant does not understand why the terms "*market participants*", "*buyers*" and "*sellers*" is thought to be "non-statutory subject matter" and respectfully requests further explanation from the Examiner. The Examiner may call the undersigned, Steven J. Laureanti, at (480) 830-2700 if the Examiner believes it would be easier to discuss the terms "*market participants*", "*buyers*" and "*sellers*" over the telephone.

Applicant conducted a search on the United States Patent and Trademark website in which the terms "*market participants*", "*buyers*" and "*sellers*" are used in claims. The search revealed that 1536 patents have issued in the United States between 1976 and the present using the term "*participant*" in the claims, 486 patents have issued in the United States between 1976 and the present using the term "*buyer*" in the claims, and 541 patents have issued in the United States between 1976 and the present using the term "*seller*" in the claims. Applicant respectfully request the Examiner to cite a specific rule in 37 C.F.R. or in the MPEP that restricts the use of the terms "*market participants*", "*buyers*" and "*sellers*" in a claim. Again the Examiner may call the undersigned, Steven J. Laureanti, at (480) 830-2700 if the Examiner believes it would be easier to discuss the terms "*market participants*", "*buyers*" and "*sellers*" over the telephone.

Applicant respectfully submits that independent Claims 1, 21, 31 and 32 are directed to statutory subject matter and are considered to be in full compliance with the requirements of 35 U.S.C. § 101. Applicant further respectfully submits that independent Claims 1, 21, 31 and 32 are in condition for allowance.

With respect to dependent Claims 2-10 and 22-30, these claims depend from independent Claims 1 and 21 respectfully. As mentioned above, independent Claims 1 and 21 are considered to be in full compliance with the requirements of 35 U.S.C. § 101. Thus, dependent Claims 2-10 and 22-30 are considered to be in condition for allowance for at least the reason of depending from an

allowable claim. Thus, Applicant respectfully requests that the rejection of Claims 1-10 and 21-32 under 35 U.S.C. § 101 be reconsidered and that Claims 1-10 and 21-32 be allowed.

In addition, Applicant respectfully requests that the Examiner call the undersigned at (480) 830-2700, if the Examiner has additional comments or suggestions to the 35 U.S.C. § 101 rejection of the subject Application or if the Examiner believes it would be easier to discuss the 35 U.S.C. § 101 rejection over the telephone.

REJECTION UNDER 35 U.S.C. § 103(a):

Claims 1-5, 7, 9-15, 17, 19-25, 27, and 29-32 stand rejected under 35 U.S.C. § 103(a) over *La Mura* in view of *Kinney*, in view of *Wellman*, and in further view of *Sullivan*.

Claims 6, 8, 16, 18, 26, and 28 stand rejected under 35 U.S.C. § 103(a) over *La Mura* in view of *Kinney* in view of *Wellman* and *Sullivan* and in further view of *Walker*.

Applicant respectfully submits that the proposed combination of *La Mura*, *Kinney*, *Wellman*, *Sullivan*, and *Walker*, either individually or in combination, fails to disclose each and every limitation recited in Claims 1-32. Applicant further respectfully submits that Claims 1-32 patentably distinguish over the proposed combination of *La Mura*, *Kinney*, *Wellman*, *Sullivan*, and *Walker*, either individually or in combination. Thus, Applicant respectfully traverses the Examiner's obvious rejection of Claims 1-32 under 35 U.S.C. § 103(a) over the proposed combination of *La Mura*, *Kinney*, *Johnson*, *Wellman*, and *Walker*, either individually or in combination.

The Proposed *La Mura-Kinney-Wellman-Sullivan-Walker* Combination Fails to Disclose, Teach, or Suggest Various Limitations Recited in Applicant's Claims

For example, with respect to independent Claim 1, this claim recites:

An *electronic marketplace for dynamic pricing in an unbalanced market*, the electronic marketplace comprising:

a first side of the unbalanced market comprising a plurality of market participants coupled with the electronic marketplace;

a second side of the unbalanced market comprising a plurality of market participants coupled with the electronic marketplace, each market participant associated with the first side of the unbalanced market having a larger market capacity than each market participant associated with a second side of the unbalanced market and each market participant associated with the second side of the unbalanced market having a smaller-capacity than each market participant associated with the first side of the unbalanced market;

one or more computers collectively supporting the unbalanced market, the one or more computers collectively operable to:

receive offers from one or more market participants associated with the first side of the unbalanced market and from one or more market participants associated with the second side of the unbalanced market, each offer comprising at least an offered price and an offered quantity;

prioritize among any offers associated with the first side of the unbalanced market that comprise equal offered prices and among any offers associated with the second side of the unbalanced market that comprise equal offered prices *according to a predetermined prioritization scheme*, the prioritization among such equally priced offers determining the order in which they are matched with other offers;

match a first offer associated with the first side of the unbalanced market with a second offer associated with the second side of the unbalanced market according to a relationship between a first offered price associated with the first offer and a second offered price associated with the second offer; and

determine a strike price for the match between the first offer and the second offer based on the relationship between the first and second offered prices. (Emphasis Added).

In addition, *La Mura, Kinney, Sullivan, Wellman, or Walker*, either individually or in combination, fail to disclose, teach, or suggest each and every element of independent Claims 11, 21, 31, and 32.

The Office Action Acknowledges that *La Mura* Fails to Disclose Various Limitations Recited in Applicant's Claims

Applicant respectfully submits that the Office Action acknowledges, and Applicant agrees, that *La Mura* fails to disclose various limitations recited in independent Claim 1. Specifically the Examiner acknowledges that *La Mura* fails to disclose “an *electronic marketplace for dynamic pricing in an unbalanced market*.” (26 February 2008 Office Action, Page 4). However, the Examiner asserts that the cited portions of *Sullivan* disclose the acknowledged shortcomings in *La*

Mura. Applicant respectfully traverses the Examiner's assertions regarding the subject matter disclosed in *Sullivan*.

In particular the Examiner states:

However, Sullivan teaches that there is always an imbalance between supply and demand in the *electronic-components industry* (i.e. unbalanced market; ¶ 9).

(26 February 2008 Office Action, Page 4). By contrast, the cited portion of *Sullivan* on which the Examiner relies does not disclose “an *electronic marketplace for dynamic pricing in an unbalanced market*”. Rather *Sullivan* merely states:

"There's always an *imbalance between supply and demand* in the *electronic-components industry*," said Robert C. Damron, an analyst at Tucker Anthony Capital Markets in Milwaukee. "The supply chain ebbs and flows in regard to inventory.

"Brokers in this industry [the electronic-components industry] provide a necessary service to the market," he said. "A broker can help when OEMs find themselves with too much inventory or not enough. This is a service the independent distributor has provided for a few decades, and this is the value I see them bringing to distribution."

(¶ 9-10). (Emphasis added). Applicant respectfully submits that this equation is inaccurate, that is the “*imbalance*” as disclosed in *Sullivan*, does not equate to the “*unbalanced market*” as recited in “independent Claim 1, because, among other things, the “*imbalance*” as disclosed in *Sullivan* is “*between supply and demand* in the *electronic-components industry*”. (¶ 9) (Emphasis added). Applicant respectfully requests the Examiner to verify the references to *Sullivan*, to ensure that some mistake has not been made.

In addition, the Examiner states:

Sullivan teaches that many OEMs have built Internet and extranet sites to help move surplus and fill shortages. Sullivan also teaches that this market is very customer-driven and within the market there are dynamic pricing mechanisms that start to take hold (i.e. electronic marketplace for dynamic pricing; ¶ 20-23 and 34).

(26 February 2008 Office Action, Page 4). By contrast, the cited portion of *Sullivan* on which the Examiner relies does not disclose “an *electronic marketplace for dynamic pricing in an unbalanced market*”. Rather *Sullivan* merely states:

"A very customer-driven marketplace, coupled with the Internet and browsers, provides ubiquitous access to suppliers worldwide for pricing and sourcing that never existed before," said Robert Kramich, vice president of marketing and e-business at NECX.com LLC in Peabody, Mass. "***When*** dynamic pricing mechanisms start to take hold, along with auctions and reverse auctions, and online negotiations, this-coupled with broadband technology-will make it faster to use the Internet."

"The Internet has turned the electronic supply chain on its ear," NECX's Kramich said. "***Never has there been such a chaotic state in the electronic [components] supply chain.*** There are more alternative channels to conduct electronic-components trading than there ever have been."

(¶ 23 and 34). (Emphasis added). Applicant respectfully submits that this equation is inaccurate, that is the “dynamic pricing mechanisms” as disclosed in *Sullivan*, does not equate to the “***dynamic pricing***” as recited in “independent Claim 1, because, among other things, the “dynamic pricing mechanisms” as disclosed in *Sullivan* does not teach, suggest, or even hint at “***dynamic pricing***”, but is merely a forward looking statement that states “***When*** dynamic pricing mechanisms start to take hold, along with auctions and reverse auctions, and online negotiations, this-coupled with broadband technology-will make it faster to use the Internet”. (¶ 34). (Emphasis added). Applicant respectfully requests the Examiner to verify the references to *Sullivan*, to ensure that some mistake has not been made.

Applicant further respectfully submits that the Office Action acknowledges, and Applicant agrees, that *La Mura* fails to disclose various limitations recited in independent Claim 1. Specifically the Examiner acknowledges that *La Mura* fails to disclose:

- a first side of the unbalanced market comprising a plurality of market participants coupled with the electronic marketplace;
- a second side of the unbalanced market comprising a plurality of market participants coupled with the electronic marketplace,
- each market participant associated with the first side of the unbalanced market having a larger market capacity than each market participant associated with a second side of the unbalanced market and

- each market participant associated with the second side of the unbalanced market having a smaller-capacity than each market participant associated with the first side of the unbalanced market.

(26 February 2008 Office Action, Page 5). In addition the Examiner states:

Examiner's Note: These limitations contain nonfunctional descriptive material and carry no patentable weight. See MPEP 2106.01

(26 February 2008 Office Action, Page 5). Applicant respectfully submits that the Examiner has mischaracterized the MPEP and respectfully directs the Examiner's attention to the pertinent parts of MPEP 2106.01:

Computer programs are often recited as part of a claim. USPTO personnel should determine whether the computer program is being claimed as part of an otherwise statutory manufacture or machine. In such a case, the claim remains statutory irrespective of the fact that a computer program is included in the claim. The same result occurs when a computer program is used in a computerized process where the computer executes the instructions set forth in the computer program. Only when the claimed invention taken as a whole is directed to a mere program listing, i.e., to only its description or expression, is it descriptive material per se and hence nonstatutory.

Since a computer program is merely a set of instructions capable of being executed by a computer, the computer program itself is not a process and USPTO personnel should treat a claim for a computer program, without the computer-readable medium needed to realize the computer program's functionality, as nonstatutory functional descriptive material. When a computer program is claimed in a process where the computer is executing the computer program's instructions, USPTO personnel should treat the claim as a process claim. ** When a computer program is recited in conjunction with a physical structure, such as a computer memory, USPTO personnel should treat the claim as a product claim. **

(MPEP § 2106.01(I)). Further to the above cited portion of MPEP 2106.01, Applicants are confused with the Examiner's Note and respectfully request clarification from the Examiner. In addition, the Examiner states:

However, Sullivan teaches that there is always an imbalance between supply and demand in the electronic-components industry (i.e. unbalanced market; ¶ 9). Sullivan teaches many OEMs have built Internet and extranet sites to help move surplus and fill shortages. Sullivan teaches that this market is very

customer-driven and within the market there are dynamic pricing mechanisms that start to take hold (i.e. electronic marketplace for dynamic pricing). ***It is obvious*** that the marketplace taught by Sullivan has buyers and sellers (i.e. a first-side and a second-side). And ***it is obvious*** that some market participants have more capacity than others (e.g. they need to move surplus and fill shortage; ¶ 10, 16-17 and 20-23).

(26 February 2008 Office Action, Pages 5-6). By contrast, the cited portion of *Sullivan* on which the Examiner relies does not disclose “***it is obvious*** that the marketplace taught by Sullivan has buyers and sellers (i.e. a first-side and a second-side)” and “***it is obvious*** that some market participants have more capacity than others” as asserted by the Examiner. Because, *Sullivan* does not disclose “the marketplace taught by Sullivan has buyers and sellers (i.e. a first-side and a second-side)” and “some market participants have more capacity than others”, the Examiner must be taking Official Notice that “***it is obvious*** that the marketplace taught by Sullivan has buyers and sellers (i.e. a first-side and a second-side)” and “***it is obvious*** that some market participants have more capacity than others”.

Applicant respectfully traverses the Official Notice because the asserted facts, as best understood by the Applicants, are not supported by substantial documentary evidence or any type of documentary evidence and appear to be the Examiner’s opinions formulated using the subject Application as a template, which constitutes impermissible use of hindsight. Furthermore, under these circumstances, it is inappropriate for the Examiner to take Official Notice without documentary evidence to support the Examiner’s conclusion. (See MPEP § 2144.03). ***Applicant respectfully requests the Examiner to produce authority for the Examiner’s Official Notice.***

Only “in limited circumstances,” is it “appropriate for an examiner to take official notice of facts not in the record or to rely on common knowledge in making a rejection”. (MPEP § 2144.03). “Official notice unsupported by documentary evidence ***should only be taken by the examiner*** where the facts asserted to be well-known, or to be common knowledge in the art are ***capable of instant and unquestionable demonstration as being well-known.***

With respect to the subject Application, the Examiner’s statement that “***it is obvious*** that the marketplace taught by Sullivan has buyers and sellers (i.e. a first-side and a second-side)” and “***it is obvious*** that some market participants have more capacity than others”, ***is not capable of***

instant and unquestionable demonstration as being well-known. (26 February 2008 Office Action, Page 6). As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be ‘*capable of such instant and unquestionable demonstration as to defy the dispute*’ (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 U.S.P.Q. 6 (C.C.P.A. 1961)).” (MPEP § 2144.03(A)). (Emphasis Added).

“It is *never appropriate to rely solely on “common knowledge” in the art without evidentiary support in the record*, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. See also *In re Lee*, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002).” (MPEP § 2144.03(A)).

“Ordinarily, there must be some form of evidence in the record to support an assertion of common knowledge. See *Lee*, 277 F.3d at 1344-45, 61 USPQ2d at 1434-35 (Fed. Cir. 2002); *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (holding that *general conclusions concerning what is “basic knowledge” or “common sense” to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection*). The examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. See *Soli*, 317 F.2d at 946, 37 USPQ at 801; *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice and be allowed to challenge the assertion in the next reply after the Office action in which the common knowledge statement was made.” (MPEP § 2144.03(B)). (Emphasis Added).

Applicant respectfully submits that the Office Action provides no documentary evidence to support the Official Notice taken by the Examiner, yet the asserted facts are not capable of “instant and unquestionable” demonstration as being well-known. Applicant further respectfully submits that the Applicant has adequately traversed the Examiners assertion of Official Notice and direct the Examiner’s attention to the pertinent text of the MPEP, which states:

If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (“[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings” to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). (MPEP § 2144.03(C)).

Thus, if the Examiner continues to maintain the rejection of Claims 1-32 based on the Official Notice, Applicant respectfully requests that the Examiner provide documentary evidence as necessitated by MPEP § 2144.03(C). Furthermore, if the Examiner is relying on personal knowledge to support the finding of what is known in the art, Applicant further respectfully requests that the Examiner provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding as further necessitated by MPEP § 2144.03(C).

Applicant still further respectfully submits that the Office Action acknowledges, and Applicant agrees, that *La Mura* fails to disclose various limitations recited in independent Claim 1. Specifically the Examiner acknowledges that *La Mura* fails to disclose:

- each offer comprising at least an offered price and an offered quantity;
- determine a strike price for the match between the first offer and the second offer based on the relationship between the first and second offered prices; and
- match a first offer associated with the first side of the market with a second offer associated with the second side of the market according to a relationship between a first offered price associated with the first offer and a second offered price associated with the second offer.

(26 February 2008 Office Action, Page 6). However, the Examiner asserts that the cited portions of *Kinney* disclose the acknowledged shortcomings in *La Mura*. Applicant respectfully traverses the Examiner's assertions regarding the subject matter disclosed in *Kinney*. In particular the Examiner states:

Kinney teaches that in a system for conducting electronic online Page 7 auctions each bid (i.e. offer) is a combination of price and quantity (col.8, lines 10-12). Kinney also teaches that the system is capable of selecting the most attractive bid (i.e. matching offers to arrive at a strike price; col.11, lines 24-35 and Fig. 6).

(26 February 2008 Office Action, Page 7). By contrast, the cited portion of *Kinney* on which the Examiner relies does not disclose “*receive offers from one or more market participants associated with the first side of the unbalanced market and from one or more market participants associated with the second side of the unbalanced market*, each offer comprising at least an offered price and an offered quantity”, “match a first offer associated with the first side of the unbalanced market with a second offer associated with the second side of the unbalanced market according to a relationship between a first offered price associated with the first offer and a second offered price associated with the second offer”, and “*determine a strike price for the match between the first offer and the second offer* based on the relationship between the first and second offered prices”.

In particular, it appears that the Examiner is equating in the “*electronic marketplace*” recited in independent Claim 1 with the “*electronic online auctions*” disclosed in *Kinney*. (26 February 2008 Office Action, Page 7). However, *Kinney* fails to teach, suggest, or even hint at the “*electronic marketplace*” as recited in independent Claim 1 limitations, because, among other things, *Kinney admits*, an *auction inherently is one-sided*, and thus is not an “*electronic marketplace*” as recited in independent Claim 1 including a *first side* of the unbalanced market *comprising a plurality of market participants coupled with the electronic marketplace* and *second side* of the unbalanced market *comprising a plurality of market participants coupled with the electronic marketplace*. (Column 4, Lines 8-10). In contrast, the “*electronic marketplace*” recited in independent Claim 1 is an “*electronic marketplace for dynamic pricing in an unbalanced market*” and comprises a “*first side* of the unbalanced market *comprising a plurality of market participants coupled with the electronic marketplace* and a “*second side* of the unbalanced market *comprising a plurality of market participants coupled with the electronic marketplace*, each market participant associated with the first side of the unbalanced market having a larger market capacity than each market participant associated with a second side of the unbalanced market and each market participant associated with the second side of the unbalanced market having a smaller-capacity than each market participant associated with the first side of the unbalanced market”. Thus, Applicant respectfully submits that the equations

forming the foundation of the Examiner's comparison between *Kinney* and independent Claim 1 cannot be made. Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent Claim 1 from *Kinney*.

Applicant still further respectfully submits that the Office Action acknowledges, and Applicant agrees, that *La Mura* fails to disclose various limitations recited in independent Claim 1. Specifically the Examiner acknowledges that *La Mura* fails to disclose:

- prioritize among any offers associated with the first side of the market that comprise equal offered prices and among any offers associated with the second side of the market that comprise equal offered prices according to a predetermined prioritization scheme, the prioritization among such equally priced offers determining the order in which they are matched with other offers;

(26 February 2008 Office Action, Page 7). However, the Examiner asserts that the cited portions of *Wellman* disclose the acknowledged shortcomings in *La Mura*. Applicant respectfully traverses the Examiner's assertions regarding the subject matter disclosed in *Wellman*. In particular the Examiner states:

Wellman teaches that in a system for matching multi-attribute auction bids a predetermined or preset rules are used to select the order in which bids are matched with offers (e.g. a scheme for determining a winning bid based bidding lowest price, or highest price, or delivery date; col. 9, lines 25-34).

(26 February 2008 Office Action, Pages 7-8). By contrast, the cited portion of *Wellman* on which the Examiner relies does not disclose “**prioritize among any offers associated with the first side of the unbalanced market** that comprise equal offered prices and among any offers associated with the second side of the unbalanced market that comprise equal offered prices **according to a predetermined prioritization scheme**, the prioritization among such equally priced offers determining the order in which they are matched with other offers”, because, among other things, *Wellman* fails to teach, suggest, or even hint at a market having “**first side** of the unbalanced market **comprising a plurality of market participants coupled with the electronic marketplace**” or a “**second side** of the unbalanced market **comprising a plurality of market participants coupled with the electronic marketplace**” *Wellman* simply cannot disclose, teach, or suggest “**prioritize[ing] among any offers associated with the first side of the unbalanced market** that comprise equal offered prices and among any offers associated with the second side of the unbalanced market that

comprise equal offered prices *according to a predetermined prioritization scheme*, the prioritization among such equally priced offers determining the order in which they are matched with other offers”, as recited in independent Claim 1. Thus, Applicant respectfully submits that the equations forming the foundation of the Examiner’s comparison between *Wellman* and independent Claim 1 cannot be made. Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent Claim 1 from *Wellman*.

The Office Action Fails to Properly Establish a *Prima Facie* case of Obvious over the Proposed *La Mura-Kinney-Wellman-Sullivan-Walker* Combination According to the UPSTO Examination Guidelines

Applicant respectfully submits that the Office Action fails to properly establish a *prima facie* case of obviousness based on the proposed combination of *La Mura, Kinney, Sullivan, Wellman, or Walker*, either individually or in combination, and in particular, the Office Action fails to establish a *prima facie* case of obviousness based on the “Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*” (the “Guidelines”).

As reiterated by the Supreme Court in *KSR International Co. v. Teleflex Inc. (KSR)*, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in *Graham v. John Deere Co.* (383 U.S. 1, 148 USPQ 459 (1966)). Obviousness is a question of law based on underlying factual inquiries. These factual inquiries enunciated by the Court are as follows:

- (1) Determining the scope and content of the prior art;
- (2) Ascertaining the differences between the claimed invention and the prior art; and
- (3) Resolving the level of ordinary skill in the pertinent art.

(Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). Objective evidence relevant to the issue of obviousness must be evaluated by Office personnel. (383 U.S. 17–18, 148 USPQ 467 (1966)). As stated by the Supreme Court in *KSR*, “While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.” (*KSR*, 550 U.S. at ___, 82 USPQ2d at 1391).

However, it is important to note that the Guidelines require that Office personnel “**ensure that the written record includes findings of fact** concerning the state of the art and the teachings of the references applied. (Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). In addition, the Guidelines remind Office personnel that the “**factual findings made by Office personnel are the necessary underpinnings to establish obviousness.**” (*id.*). Further, “**Office personnel must provide an explanation to support an obviousness rejection** under 35 U.S.C. 103. (*id.*). In fact, “35 U.S.C. 132 requires that Applicant be notified of the reasons for the rejection of the claim so that he or she can decide how best to proceed” and “clearly setting forth findings of fact and the rationale(s) to support a rejection in an Office action leads to the prompt resolution of issues pertinent to patentability.” (*id.*).

With respect to the subject application, the Office Action has not shown the **factual findings necessary to establish obviousness** or even **an explanation to support the obviousness rejection** based on the proposed combination of *La Mura*, *Kinney*, *Sullivan*, *Wellman*, or *Walker*. The Office Action merely states that it “would have been obvious to one of ordinary skill in the art at the time of Applicant's invention” to” 1) “include in the system for enhanced auction mechanism for online transactions as disclosed by *La Mura*, the facts of an unbalanced electronic marketplace that has dynamic pricing as taught by *Sullivan*”, 2) “include in the system for enhanced auction mechanism for online transactions as disclosed by *La Mura*, the facts of an unbalanced electronic marketplace that has dynamic pricing as taught by *Sullivan*”, 3) “include in the system for enhanced auction mechanism for online transactions as disclosed by *La Mura*, the two features of the electronic online auction system as taught by *Kinney*”, and 4) “include in the system for enhanced auction mechanism for online transactions as disclosed by *La Mura*, the fact that trading can occur in unbalanced markets as taught by *Sullivan*” . (26 February 2008 Office Action, Pages 4-8). Applicant respectfully disagrees and respectfully submits that the Examiner’s conclusory statement is not sufficient to establish the **factual findings necessary to establish obviousness** and is not a sufficient **explanation to support the obviousness rejection** based on the proposed combination of *La Mura*, *Kinney*, *Sullivan*, *Wellman*, or *Walker*.

The Guidelines further provide guidance to Office personnel in “determining the scope and content of the prior art” such as, for example, “Office personnel must first obtain a thorough understanding of the invention disclosed and claimed in the application.” (Notice, 72 Fed. Reg.

57527 (Oct. 10, 2007)). The scope of the claimed invention must be clearly determined by giving the claims the “broadest reasonable interpretation consistent with the specification.” (See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005) and MPEP § 2111.). In addition, the Guidelines state that any “***obviousness rejection should include***, either explicitly or implicitly in view of the prior art applied, ***an indication of the level of ordinary skill.***” (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). With respect to the subject Application, the Office Action has not provided ***an indication of the level of ordinary skill.***

The Guidelines still further provide that once the *Graham* factual inquiries are resolved, Office personnel must determine whether the claimed invention would have been obvious to one of ordinary skill in the art. (*Id.*). For example, the Guidelines state that ***Office personnel must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art.*** (*Id.*). In addition, the Guidelines state that the proper analysis is ***whether the claimed invention would have been obvious to one of ordinary skill in the art after consideration of all the facts.*** (*Id.* and See 35 U.S.C. 103(a)).

With respect to the subject Application, the Office Action has not expressly resolved any of the *Graham* factual inquiries to determine whether Applicant invention would have been obvious to one of ordinary skill in the art. In addition, the Office Action fails to ***explain why the difference(s) between the proposed combination of La Mura, Kinney, Sullivan, Wellman, Walker and Applicant’s claimed invention would have been obvious to one of ordinary skill in the art.*** The Office Action merely states that “since the claimed invention is merely a combination of old elements and known facts, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable”. (26 February 2008 Office Action, Pages 4-8). Applicant respectfully disagrees and further respectfully requests clarification as to how this statement ***explains why the difference(s) between the proposed combination of La Mura, Kinney, Sullivan, Wellman, Walker and Applicant’s claimed invention would have been obvious to one of ordinary skill in the art.*** Applicant further respectfully submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

The Guidelines yet further state that the “key to supporting any rejection under 35 U.S.C. 103 is the *clear articulation of the reason(s) why the claimed invention would have been obvious.*” (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). In fact, the Supreme Court in *KSR* noted that “*the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.*” (*id.*). The Court quoting *In re Kahn* (441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)), stated that “[R]ejections on *obviousness cannot be sustained by mere conclusory statements*; instead, there *must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.*” (*KSR*, 550 U.S. at ___, 82 USPQ2d at 1396). The Guidelines provide the following seven rationales:

- (A) Combining prior art elements according to known methods to yield predictable results;
- (B) Simple substitution of one known element for another to obtain predictable results;
- (C) Use of known technique to improve similar devices (methods, or products) in the same way;
- (D) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- (E) “Obvious to try”—choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- (F) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations would have been predictable to one of ordinary skill in the art;
- (G) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

Applicant respectfully submits that the *Office Action fails to provide any articulation, let alone, clear articulation of the reasons why Applicant’s claimed invention would have been obvious.* For example, the *Examiner has not adequately supported the selection and combination of La Mura, Kinney, Sullivan, Wellman, or Walker to render obvious Applicant’s claimed invention.* The Examiner's unsupported conclusory statements *do not adequately provide clear articulation of the reasons why Applicant’s claimed invention would have been obvious.* In addition, the Examiner’s unsupported conclusory statement fails to meet any of the Guidelines rationales to render obvious Applicant’s claimed invention.

Thus, if the Examiner continues to maintain the obvious rejection based on the proposed combination of *La Mura, Kinney, Sullivan, Wellman, and Walker*, ***Applicant respectfully requests that the Examiner provide proper support for the obviousness rejection under 35 U.S.C. 103 as necessitated by the Guidelines, including a statement by the Examiner identifying which one of the seven rationales the Examiner is relying on and the proper analysis of that particular rationale, as required by the Guidelines.***

Applicant's Claims are Patentable over the Proposed *La Mura-Kinney-Johnson-Wellman-Walker* Combination

Independent Claims 11, 21, 31, and 32 are considered patentably distinguishable over the proposed combination of *La Mura, Kinney, Johnson, Wellman, or Walker* for at least the reasons discussed above in connection with independent Claim 1.

With respect to dependent Claims 2-10, 12-20, and 22-30: Claims 2-10 depend from independent Claim 1; Claims 12-20 depend from independent Claim 11; and Claims 22-30 depend from independent Claim 21. As mentioned above, each of independent Claims 11, 21, 31, and 32 include limitations similar to those discussed above in connection with independent Claim 1. Thus, dependent Claims 2-10, 12-20, and 22-30 are considered patentably distinguishable over the proposed combination of *La Mura, Kinney, Johnson, Wellman, or Walker* for at least the reasons of depending from an allowable claim and are therefore considered to be in condition for allowance.

For at least the reasons set forth herein, Applicant respectfully submits that Claims 1-32 are not rendered obvious by the proposed combination of *La Mura, Kinney, Johnson, Wellman, or Walker*, or in knowledge generally available to those of ordinary skill in the art at the time of the invention. Applicant further respectfully submits that Claims 1-32 are not rendered obvious by the proposed combination of *La Mura, Kinney, Johnson, Wellman, or Walker*, or in knowledge generally available to those of ordinary skill in the art at the time of the invention, and are in condition for allowance. Thus, Applicant respectfully request that the rejection of Claims 1-32 under 35 U.S.C. § 103(a) be reconsidered and that Claims 1-32 be allowed.

CONCLUSION:

In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicant believes no additional fees are deemed to be necessary; the undersigned hereby authorizes the Director to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**. If an extension of time is necessary for allowing this Response to be timely filed, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) to the extent necessary. Any fee required for such Petition for Extension of Time should be charged to **Deposit Account No. 500777**.

Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.

Respectfully submitted,

27 May 2008
Date

/Steven J. Laureanti/signed
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